

# P-5 FILINGS AND FINANCIAL SECURITY REQUIREMENTS

PRESENTER: JENNIFER GILMORE

#### **TOPICS**



- P-5 Organization Report Forms (Revised September 2011)
- Financial Security Requirements
- P-5 Filing Fees and Surcharge
- Auto P-4s

#### P-5 ORGANIZATION REPORT



#### Who is required to file an organization report?

- Oil & Gas & Pipeline Operators:
  - Natural Resources Code, Sec. 91.142
  - Oil & Gas Statewide Rules 1 & 78

- Master Meter & Distribution Systems (Safety Division):
  - Utilities Code, Sec. 121.201
  - Pipeline Safety Rule 51/Oil & Gas Rules 1 & 78

#### **SUPPLEMENTAL FORMS**



• Form P-50

Form P-5A

• Forms P-5PB(1), P-5PB(2), P-5LC

RAILROAD COMMISSION OF TEXAS Oil and Gas Division

#### ORGANIZATION **REPORT**

FORM P-5

/Rev 09/2011)





# Form P-5 (Organization Report)



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
DEAD INSTRUCTIONS ON BACK

#### ORGANIZATION REPORT

FORM P-5

(Rev. 09/2011)

_								
1.	Purpose of Filing		New Filing		Annual Refiling			2. RRC Operator
L			Change of Officers/Reside	ent Agent	Address Correction	1		No. (if assigned)
Г	Name of entity: (I	f the na	ame of the organization has	changed, see Ir	nstructions on back)			
	Mailing Address:					Street Address:		
١.,						Street Address.		
ē								
ZAI								
Ā								
3. ORGANIZATION						İ		
3.0								
	Organization Phone	e Numb	per:			Emergency (after	hours) Phone Number:	
_	Plan of Organization	_	A 0	0.11-3-4	D-troubin	O Colo Donnistratio	D. Dodovetie	[
4.	(select one)		A. Corporation	B. Limited	Partnership	C. Sole Proprietorship	D. Partnership	E. Trust
L			F. Joint Venture	G. Estate		H. Ltd Liability Co. (LLC)	I. Other (specify):	
	Name of Texas Residen	nt Agen	t:					
5								
5. TEXAS RESIDENT AGENT	Street Address					Mailing Address		
TA								
EN								
ESI								
SR								
X								
T								
	A Texas Resident Agent	t is req	uired for any foreign or non	resident organiz	ation pursuant to State	ewide Rule 1(a)(4)(D).		

6.	Attachments:		
	P-50 - Officer Listings:	Information for each controlling entity of the organization as required by Statewide F	Rule 1(a)(4)(C).
	P-5A - Agent Listings:	(optional) - Designation of non-employee agents authorized to sign certain Forms P	-4 and P-5 pursuant to Statewide Rule 1(a)(4)(E).
	Filing Fee	Required for all "New Filing" and "Annual Refiling" submissions. See instructions or	n back.
	Financial Assurance	If the operator is required to maintain financial assurance, the Organization Report	will not be approved until it is in place.
7.	Reorganization C	heck here if this is a reorganization of an existing registrant.	
		checked, provide the current name and RRC P5 Number:	
8.			
_			
	_	perators of inactive wells: The Commission may not approve the P-5 Organization Report for	·
		<ul> <li>Commission rules and Texas statutes concerning the approval of plugging extensions for su surface equipment removal.</li> </ul>	uch inactive wells, including disconnection of electrical
	service and any required s	unace equipment removal.	
	Organization reports for op	perators with outstanding enforcement orders/judgments: The Commission may not approve	the P-5 Organization Report for an operator if that
		final and unappealable order related to a violation of a Commission rule, order, license, perm	
	The state of the s	ization Reports for organizations with officers who are subject to such outstanding orders thro	ough their involvement with other organizations similarly
	may not be approved.		
	If the organization has use	ed, or reported use of, a well for which the Certificate of Compliance has been canceled, the C	Commission may refuse to approve an Organization
		as paid any required reconnect fees and the Certificate of Compliance has been reissued for	
	An organization must file a	an amended Organization Report within 15 days after a change in any information required to	be reported in the Organization Report.
			FOR RRC USE ONLY
			Annual bu
	Signature	Title	Approved by
		( )	Remarks
	51.1.1.		riemaks
	Filer's Name (Printed)	Filer's Telephone Number	
	Email Address (OPTIONAL -	SEE INSTRUCTIONS FOR IMPORTANT INFORMATION)  Date	
	Certificate: I declare und	der penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am	
		port, that this report was prepared by me or under my supervision and direction, and that	
	data and facts stated there	ein are true, correct, and complete, to the best of my knowledge.	
_			

RAILROAD COMMISSION OF TEXAS Oil and Gas Division

#### ORGANIZATION REPORT OFFICER LISTING

FORM P-50

(Rev. 09/2011)

(The as attachment to ron	m P-5 Organization Report) Page of
Current operator name exactly as shown on P-5 Organization Report     RRC Operator No. (if assigned)	PURSUANT TO Oil & Gas Statewide Rule 1(a)(4)(C), information must be provided "for each officer, director, general partner, owner of more than 25% ownership interest, or trustee (hereinafter controlling entity) of the organization."
Instructions:  Attach as many sheets as are needed to identify all required officers.  Full Legal Name: The entity's or individual's full legal name. Please do not use	initials.
ID Number: If the filing organization is a Sole Proprietorship (i.e., an individual), provide (at your choice) the officer's social security number, driver's license nun considers such ID numbers to be confidential information.)	, you must provide the owner's social security number. Otherwise, you may
Addresses: You must provide an address for each officer that is different from the Agent on your Organization Report, and that agent has an address different from the officer's home.	the address for the organization UNLESS: 1) you have shown a Texas Resident in that of the organization; or 2) the organization is being operated out of the
If an entity is identified as an officer on this form, you must also identify each off	
Full Legal Name:	Title:
Street Address: Check here if operating out of this officer's home.	Mailing Address (if different from Street Address)
Driver's Lic. State ID Social Security No. State (if not SSN):	Number:
Full Legal Name:	Title:
Street Address: Check here if operating out of this officer's home.	Mailing Address (if different from Street Address)
Driver's Lic. State ID Social Security No. State (if not SSN):  Full Legal Name:	Number:
Full Legal Name:	Title:
Street Address:   Check here if operating out of this officer's home.	Mailing Address (if different from Street Address)
Driver's Lic. State ID Social Security No. State (if not SSN): Full Legal Name:	Number:
Full Legal Name:	Title:  Mailing Address (if different from Street Address)
Driver's Lic. State ID Social Security No. State (if not SSN):	Number:



# Form P-50 (Officer Listing)



RAILROAD COMMISSION OF TEXAS Oil and Gas Division

### ORGANIZATION REPORT OFFICER LISTING

FORM P-50

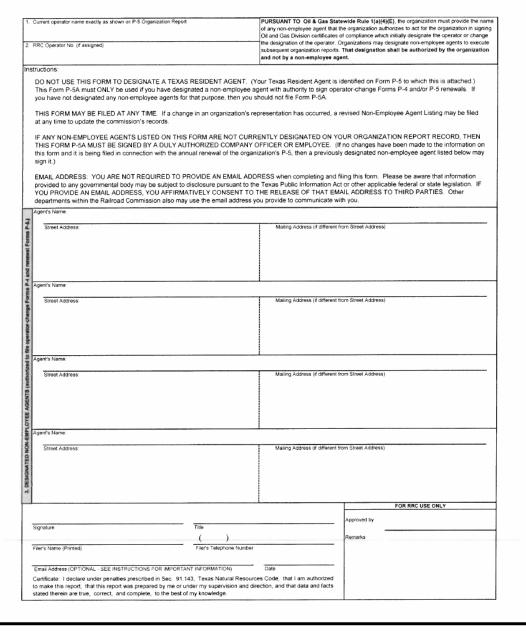
OFFICE	R LISTING (Rev. 09/20
(File as attachment to F	orm P-5 Organization Report) Page of
Current operator name exactly as shown on P-5 Organization Report     RRC Operator No. (if assigned)	PURSUANT TO Oil & Gas Statewide Rule 1(a)(4)(C), information must be provided "for each officer, director, general partner, owner of more than 25% ownership interest, or trustee (hereinafter controlling entity) of the organization."
nstructions:  Attach as many sheets as are needed to identify all required officers.  Full Legal Name: The entity's or individual's full legal name. Please do not u	ise initials.
provide (at your choice) the officer's social security number, driver's license n considers such ID numbers to be confidential information.)  Addresses: You must provide an address for each officer that is different from	al), you must provide the owner's social security number. Otherwise, you may number, or Texas State Identification number. (Note: The Railroad Commission in the address for the organization UNLESS: 1) you have shown a Texas Resident from that of the organization; or 2) the organization is being operated out of the
If an entity is identified as an officer on this form, you must also identify each	officer of that entity.
Full Legal Name:	Title:
Street Address: Check here if operating out of this officer's home.	Mailing Address (if different from Street Address)
Oriver's Lic. State ID Social Security No. State (if not SSN	i): Number:

RAILROAD COMMISSION OF TEXAS Oil and Gas Division

#### ORGANIZATION REPORT NON-EMPLOYEE AGENT LISTING

FORM P-5A

(Rev. 09/2011)





### Form P-5A (Non-Employee Agent Listing)



RAILROAD COMMISSION OF TEXAS Oil and Gas Division

### ORGANIZATION REPORT NON-EMPLOYEE AGENT LISTING

FORM P-5A

(Rev. 09/2011)

Current operator name exactly as shown on P-5 Organization Report  RRC Operator No. (if assigned)	PURSUANT TO Oil & Gas Statewide Rule 1(a)(4)(E), the organization must provide the name of any non-employee agent that the organization authorizes to act for the organization in signing Oil and Gas Division certificates of compliance which initially designate the operator or change the designation of the operator. Organizations may designate non-employee agents to execute subsequent organization reports. That designation shall be authorized by the organization and not by a non-employee agent.
structions:	
This Form P-5A must ONLY be used if you have designated a non-emp you have not designated any non-employee agents for that purpose, the	ENT. (Your Texas Resident Agent is identified on Form P-5 to which this is attached.) bloyee agent with authority to sign operator-change Forms P-4 and/or P-5 renewals. If en you should not file Form P-5A.  Ition's representation has occurred, a revised Non-Employee Agent Listing may be filed
THIS FORM P-5A MUST BE SIGNED BY A DULY AUTHORIZED CON this form and it is being filed in connection with the a sign it.)  EMAIL ADDRESS: YOU ARE NOT REQUIRED TO	T CURRENTLY DESIGNATED ON YOUR ORGANIZATION REPORT RECORD, THEN MPANY OFFICER OR EMPLOYEE. (If no changes have been made to the information on ously designated non-employee agent listed below may made to the information on ously designated non-employee agent listed below may made to the Texas Public Information Act or other applicable federal or state legislation. IF INT TO THE RELEASE OF THAT EMAIL ADDRESS TO THIRD PARTIES. Other didress you provide to communicate with you.
Agent's Name.  Street Address.	Mailing Address (if different from Street Address)

### Form P-5A (Non-Employee Agent Listing)



Street Address:		Mailing Address (if different fro	om Street Address)
1			
Agent's Name:			
Street Address:		Mailing Address (if different fro	om Street Address)
ļ			
Agent's Name:			
Street Address	Origin	nal signature by	treet Address)
	P-5 C	officer required	
1			
			FOR RRC USE ONLY
			Approved by
Signature	Title		
	()		Remarks
Filer's Name (Printed)	Filer's Telephone Numbe	ef .	
Email Address (OPTIONAL - SEE INSTRUCT)	ONS FOR IMPORTANT INFORMATION)	Date	
Cartificata: I daclara under canalties ores	ribed in Sec. 91.143, Texas Natural Resou	irces Code, that I am authorized	
Cetalicate. Toeclare unous perialities presi	epared by me or under my supervision and o		l .

### **Financial Security Requirements**



### **Financial Security requirement options:**

- Option 1 Individual
- Option 2 Blanket





You are exempt from filing financial security if your <u>only</u> operations are:

**Master Meter / Gas Distribution Center** 

**Purchaser** 

**Directional Surveyor** 

Salt Water Hauler

**Approved Well Plugger** 

**Approved Cementer for Well Plugging** 

(Well plugging requires Approval by Field Ops)

Service company for well stimulation activities

\$25,000 if you have any other activities

### **Option 1**



Individual Performance Bond (Form P-5PB(1), Letter of Credit (Form P-5LC), or a Cash Deposit are accepted under this option

- Only available to well operators who have no activity other than wells
- Amount determined by multiplying the aggregate depth of all wells (active, inactive, injection, producer, etc.) at \$2.00 per foot.

### **Option 2**



# Blanket Performance Bond (Form P-5PB(2), Letter of Credit (Form P-5LC), or Cash Deposit

- Available to all operators
- Amount determined by the total number of wells (active, inactive, injection, producer, etc.)

1 to 10 wells	\$25,000
11 to 99 wells	\$50,000
100 wells or more	\$250,000

 For operators <u>without wells</u> who are required to file financial assurance, \$25,000 is your base requirement.



### **Bay and Offshore Wells**

- Statewide Rule §3.78 was amended 9-1-2004 to require additional financial security for operators of Bay and Offshore wells
- Calculated by Base amount + Entry Level amount + Non-Producing Amount
- Presumed Plugging Cost for Bay Well \$60,000.00 / Offshore Well \$100,000.00

### **Bay & Offshore Wells**



Example: Operator A has 15 wells, of which 8 are bay wells. 4 of these wells are non-producing.

Base: \$50,000

**Entry Level:** \$60,000

Non-Producing amount: \$180,000

Total: \$290,000

### **Drilling Permits**



- Effective 12-19-05 Statewide Rule 78 was amended requiring financial security as a condition of the issuance of permit to drill, recomplete, or reenter a well.
- Financial Security Requirement: Option 1 or Option 2 are available
- Permits cannot be issued to operators without financial security in place.

# P-5LC (Letter of Credit)



Amendion: Oil & Gas Division			P-5LC
Permitting Production, P-5 Pinancial Assurance Section			nev. 1/2005
7.O. Box 12967 Austin, TX 79711-2967	IRREVOCABLE D		
	BLANKET LETT	ER OF CREDIT	
We hereby establishour Interocable Documentary Blanket Let			
c sccount of		rator's name), for the	
	200 200 200	ible by your drafts at aig	to on the bank when
swn in accordance with the terms and accompanied by the	documents listed below:		
This Blacker Lette of Goods is issued in connection with the fi \$91.142, Texas Natural Persources Gode (TNPG) in order to pe Texas, including but not limited to (1) operations listed in the C and live (2) wells listed on the Germaniston's Oil and Gar Prents points to the expiration of this Blacker Letter of Credit and cami are incorporated horsis by reference as if fully not forth a	offerm e perations within the jo Commission's P-5 Organization ion Schedules (Schedules), un ad enthe QII and Gas Promite	arisdiction of the Rail n Report records (P-5 re damy additional wells t	road Commission of cords) for the operator, that may be obtained
. Organization (Lamp must) as demand on P.C. Organization Report	2. P-2 Nurter, Campai.	2. Tests of operates with	Teleloggrapis della dell
	, Christman rendere	MADE.	
Che Communication waster. In business are character?			
Chie Communicaregistal question. Ser territoris attendent Pargugh?.  [Chief appropriate proteins as angle appending popular 1]	1		
(A)_ (B)_ (C)_ (D)_ (A)_ (F)_		~ ~	
Direct Communication of growths. Institution and with the Proposition (Combine growth propries are unity in propring propries (Combine growth). (Combine growth) (Combine growth)  (Combine growth) (Combine growth). (Combine growth) (Combine growth). (Com	newledge and agree that, due a operator's Commission-reg unights officeive term of tha	to amandments to the T shated operations, includ Blanket Lotter of Credi	ing without limitation to provide additional
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to the last draft when the credit has been enhaust	ed. Drafts may be presented at the	office of this bankno	e laterthan 2:00 p.m. (k	ecal time) e
	days after the operator's P-5 o	epiration date), an	d bear the clause "Des	under t
	ank name), Bank Letter of Credit	No.	, dated	
We hereby engage with the bone fide held on Letter of Gredit that such draft and for docum- Our obligations hereunder shall not be subje- agreements upon which his Blanker Letter of O- Paratice for Documentary Credits' (2007 Partice with the engagest stems hereof or with the pr	nents will be duly honored up to my claim or defense by reason odit is based. This Documentary B n) fixed by the International Cham	on presentation to of the invalidity, ille funket Letter of Gred ber of Commerce (Po	us. gality, or unenformability it is subject to the "Unifor de Seation # 600), when no	of any of ti
	Serà None			
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ATTEST			Tel Arm Dede	Num
	Address of Barb			
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Lassient Carlos - Cator				
Con march day your				

# P-5LC (front page)



TO:	RAILROAD COMMISSION OF TEXAS Attention: Oil & Gas Division Permitting/Production, P-5 Financial Assurance Section P.O. Box 12967 Austin, TX 78711-2967	IRREVOCABLE DO BLANKET LETTE		P-5LC rev. 1/2008
W	e hereby establish our Irrevocable Documentary Blanket Letter	of Credit in favor of the Rai	lroad Commission of T	exas, Austin, Texas for
the acc	ount of			(operator's name),
for the	aggregate amount of			Dollars
(\$	) available by your drafts at sight o	n the bank when drawn in a	ccordance with the term	ns and accompanied by
the doc	cuments listed below:			
§9 in (2 ex	his Blanket Letter of Credit is issued in connection with the filin 01.142, Texas Natural Resources Code (TNRC) in order to perfor cluding but not limited to (1) operations listed in the Commission) wells listed on the Commission's Oil and Gas Proration Scheduspiration of this Blanket Letter of Credit and carried on the coorporated herein by reference as if fully set forth at length.	m operations within the juri n's P-5 Organization Repor les (Schedules), and any ad	sdiction of the Railroad t records (P-5 records) ditional wells that may	Commission of Texas, for the operator, and/or be obtained prior to the
1. Orga	nization Name, exactly as shown on Form P-5 Organization Report.	2. P-5 Number, if assigned.	3. Total # of operator's wells:	Total aggregate depth of all wells:
(A)	r Commission-regulated operations. See bond instruction sheet, Paragraph F.  rk ampropriate operations; example: operating a pipeline= I 1  (B) (C) (D) (E) (F) (F)  (H) (I) (J) (K) (L)	Other operations not included in (A)-	(L).	

# P-5LC (back page)



Effective date MUST be current date.

Each draft hereunder must he	endorsed on the reverse side of this Blanket Letter of Credit, and thi	is Blanket Lette	CU	irrent dat
	as been exhausted. Drafts may be presented at the office of this ban			time) on
	(date must be 90 days after the operator's P-5 expiration date			
	(Bank name), Bank Letter of Credit No.	, date	đ	."
Our obligations hereunder sha agreements upon which this Blan Practice for Documentary Credits	ona fide holders of this draft and/or documents presented under and is and/or documents will be duly honored upon presentation to us all not be subject to any claim or defense by reason of the invalidity, letter of Creditis based. This Documentary Blanket Letter of Creditis based and the invalidity of Commerce or with the provisions of Article Five of the Texas Business and	s. illegality, or unenfo redit is subject to the (Publication #600	orceability of a ne "Uniform Cu )), when not in	ny of the
	Bank Name:			
	Ву:			
	(Name):			
(seal)	(Title):	1000	( ) Area Code	Number
ATTEST:		Iel.	Alex Code	Number
	Address of Bank:			

#### P-5PB1 and P5PB2

#### (Individual and Blanket Performance Bonds)



TO TAKE SALE CONSISSION OF TEXAS  AMERICAN ON & Gas Division			Amendion: Oil & Gas Divi	idon .	Bond #		
Permitting Production, 7-5 Financial Assurance Section			Permitting Production, P- P. O. Box 12967	5 Pinancial Assurance Section			P-5PB(2)
P.O. Bex 12967 Austin, T2C 78711-2967	INDIVIDUAL PERFORMANCE BOND P-5PB(1) Per. 6-2002		ELANKET PERFORMANO		rev. 6:2002		
E STATE OF TEXAS, COUNTY OF			THE STATE OF TEXAS, COUNT				
WEREAS, persons performing oil and gas operations within the					s jurisdiction of the Railboad Commission to \$91,103 and \$91,100 of the Texas N		
WEREAS, the Principal again operator of one or more wells, is perform associated oil and gas activities;	s also required to file an annual 7-5 Organisan	en Report (7-5) in order to operate wells	the Commission's 7-5 Organizati	on Report records, and/or (2) wells	Commission-regulated operations include slighted on the Commission's Oil and Ga d carried on the Oil and Gas Proration.	a Proration Schodule	
WHEREAS, the Principal named below lethe operator of wells b					and the Oil and Gas Proration Schooles		ncing are incomprated
at may be obtained prior to the expiration of this bond and car			herein by reference as if fully as				•
NYERRAS, the Principal's P-5 Organization Report and the Oil brence as if fully are forth at length;	•		activities mumbe carried on in flu	ill conformance with all mate law	ns and activities within the jurisdiction of is and Commission rules, including the	a lave and Commis	stion rules, orders, and
WHEREAS, the Principal desires to perform oil and gas operate tivities must be earned on in full conformance with all state lay				g and abandon all wells and contro	il, abate, and elean up pollution associate	with an operator's	oil and gas operations
multi regulating operators to the and shandon all wells and control			and activities		ndments to the Total Natural Resources		
d activities					including without limitation the acquisit		
WHEREAS, Principal acknowledges and agrees that, due to and	endingents to the Tipias Natural Resources Co-	to, amendments to Commission Rules,			scaulty beyond the face amount of this b		
id or changes to the Principal's Commission-regulared operations			be accepted and approved.				
ring the effective term of this bond to provide additional financial accepted and approved.	s accumity beyond the face amount of the bone	before in 7-5 Organization Report vill	Companisation Names, assembly as other or an INI	Organisation Engan.	2 34 Norther Freedynal	1 20.10.000	-
Organization Views, manufy on others or Flore IVI Organization Europe.	1 M Namber Constract						
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,	is the british band filtery	SELECTION OF SELEC	s _ s _ s _	n _ * _ * _			
· · · · · · · · · · · · · · · · · · ·			<u> </u>		•	- 07	
We,		(person's name) as Principal, and	We,				mc) as Principal, and
		(person's name) as Principal, and and qualified to do business in the State		ly bound unto the State of Texas			me) as Principal, and ad to do business in the Dollars
Texas, are held and firmly bound unto the State of Texas	t in the sum of	and qualified to do business in the State Dollars	State of Texas, are held and firm!	) payable at Austin, Travit Co	in the sum of	thorized and qualific blick, well and truly	ed to do business in the Dollars
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## (Back page of P-5PB1 and P-5PB2)



						Date MUST I
all state laws, including §91.107, Texas Natural Resources Code and Commission rules.			affixed by princ			
IN TESTI	MONY WHEREOF, said PRI	NCIPAL has hereunto	subscribed his	or her	name or has caused this instru	ment to be signed by its duly
authorized of	fficers and its corporate seal to	be affixed this	day of		20	:
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### **Cash Deposits**



- Can be filed under either Financial Security Option 1 or Option 2
- Funds are to be submitted in via Cashier's Check
- Cash deposits are automatically renewed once the operator provides their P-5 renewal packet and filing fee – No renewal form required.
- There is no fee to renew your cash deposit annually

### Filing Fee and Surcharges



- Filing fee required for annual P-5 renewals and new P-5 filings
- Statewide Rule 78 amended to impose a surcharge of 150% to filing fees
- Notification to industry sent out February 2012
- Effective May 1, 2012

### Filing Fee and Surcharges



- •Annual fee to accompany initial filing and annual renewals of P-5 Organization Report.
- •Required of all operators, regardless of and in addition to any financial assurance requirement.
- •Amount ranges from \$225.00 to \$1,350.00, based upon the activities of the organization reflected on their P-5 record.
- •If you are a well operator and conduct other service activities, your filing fee will cap out at \$1,125.00.
- •Once you have determined your filing fee, you would then add the 150% surcharge to calculate your total filing fee.

### P-5 Filing Fee



#### Amount based on the following four components:

1. Number of wells operated

1 – 25 wells	\$300.00
	<b>4000.00</b>

26 – 100 wells \$500.00

101 wells or more \$1,000.00

2. Natural Gas Pipelines/Master Meter Operator: \$225.00

3. Pipelines other than Natural Gas (one or more): \$625.00

4. Facilities and/or Service Activities: \$500.00

(One single fee regardless of quantity or variety)

#### **Facilities & Service Activities**



Oil & Gas Regulated activities other than pipelines or wells.

#### \$300.00 if the activities include only:

•	Pollution Cleanup Contractor,	(CLENUP)
•	Directional Surveyor,	(DIRSUR)
•	Approved Cementer for plugging wells, and/or	(PLUGGR)
•	Moving/Storing Crude or Condensate.	(TRANSP)
•	Approved Cementer for Well Plugging	(CEMNTR)

\$500.00 if the operator has any other Commission-regulated facilities or service activities, including (but not limited to):

•	Commercial Facility,	(COMFAC)
•	Gas Plant,	(GASPLT)
•	Reclamation Plant,	(RECLPL)
•	Refinery,	(REFINE)
•	Saltwater Disposal P18 authority, and/or	(SWDP18)
•	Waste Hauler authority.	(WHAUL)
		(10000000000000000000000000000000000000

Service Comp. for Well Stimulation/Hydr. Fracturing Activities (WLSTIM)

#### RAILROAD COMMISSION OF TEXAS Oil and Gas Division

#### NOTICE TO OPERATORS

#### Surcharges on Railroad Commission Fees

The Railroad Commission has adopted changes to Statewide Rule 78 as it applies to certain fees charged by the commission's Oil & Gas Division. Under Rule 78 as amended, surcharges have been imposed on certain fees as required to implement the provisions of Senate Bill 1 (82<sup>nd</sup> Legislature, First Called Session, 2011). The amendments to Rule 78 are effective as of May 1, 2012.

Senate Bill 1 created the Oil and Gas Regulation and Cleanup Fund and mandated that the commission impose reasonable surcharges on commission fees. The funds collected through these surcharges will cover the commission's costs in certain functional areas specified in the bill, including oil and gas monitoring and inspections, oil and gas remediation, oil and gas well plugging, public information and services related to those activities, and administrative costs and state benefits for personnel involved in those activities.

During the rulemaking process, the Commission identified the fees on which surcharges would be imposed based on the statutory requirements. Comparing the revenue generated by those fees with the costs associated with the functional areas specified in the statute, the Commission determined that a surcharge of 150% of the respective fees would be needed.

In implementing this statute, the Commission is imposing surcharges on fees associated with the filing of:

Drilling Permits
Organization Reports
Voluntary Cleanup Program Applications
Inactive Wells (plugging extensions)
Rule Exception requests
Reconnection fees following cancellation of P-4 Certificates of Compliance
Waste Disposal Facilities and Waste Hauler Permits (excluding disposal wells permitted under Rule 9)
Surface Discharge permits
Injection well permits

(See Table 1 - Listing of Affected Fees on the reverse side of this notice for more detailed information regarding the affected fees.)

Hydrocarbon Storage permits

Austin, Texas February 2012

#### PLEASE FORWARD TO THE APPROPRIATE SECTION OF YOUR COMPANY

Surcharge on Commission Fees Notice to Industry – February 2012 Page 2

	Fee	Surcharge (150%)	Total Assessment
Oil & Gas Well Drilling Permit Fees			
Drilling permits less than 2,000 feet	\$ 200.00	\$ 300.00	\$ 500.00
Drilling permits 2,001 to 4,000 feet	225.00	337.50	562.50
Drilling permits 4,001 to 9,000 feet	250.00	375.00	625.00
Drilling permits greater than 9,000 feet	300.00	450.00	750.00
Expedite fee	150.00	225.00	375.00
Rule 37/38 exception fee	200.00	300.00	500.00
P-5 Organization Report Fees			
No activities	300.00	450.00	750.00
Operation of Wells			
1 – 25 wells	300.00	450.00	750.00
26 – 100 wells	500.00	750.00	1,250.00
more than 100 wells	1,000.00	1,500.00	2,500.00
Operation of natural gas pipeline(s)	225.00	337.50	562.50
Operation of liquids pipeline(s)	625.00	937.50	1,562.50
Service/Facility Operations			
Cleanup contractor, Directional Surveyor, Cementer	300.00	450.00	750.00
and/or Transporter	300.00	450.00	730.00
Other Services/Facilities not listed above	500.00	750.00	1,250.00
Voluntary Cleanup Application Fee	\$ 1,000.00	\$ 1,500.00	\$ 2,500.00
Inactive Well Filing Fees (Form W-3X)			
Abeyance of plugging report	100.00	150.00	250.00
Well test report filing fee	50.00	75.00	125.00
Rule Exception Fees	150.00	225.00	375.00
Certificate of Compliance (P-4) Reissue Fee	300.00	450.00	750.00
Waste Disposal Facility			
Waste hauler's permit	100.00	150.00	250.00
Large Quantity Generator of hazardous oil & gas waste			
base fee	1,000.00	1,500.00	2,500.00
additional fee	1,000.00	1,500.00	2,500.00
Small Quantity Generator of hazardous oil & gas waste			
base fee	200.00	300.00	500.00
additional fee	200.00	300.00	500.00
Surface Discharge fee	300.00	450.00	750.00
Fluid injection well permit	200.00	300.00	500.00
Hydrocarbon storage permits	200.00	300.00	500.00

Table 1 - Listing of affected fees





#### **Types of Auto P-4s:**

- Name change P-5 (Example: When the company is electing to change their name – Not a merger or acquisition)
- Large acquisitions of property (Example: When an operator has acquired large fields or district – 25 leases or more)
- Same operator change (Example: When an operator changes their gatherer or purchaser for same (own) operator)





#### Auto P-4 Letter Requirements:

- Operator must submit a letter requesting the Auto P-4 process to transfer all property/activities (<u>Excludes</u>: pipeline, gas plant, salt water hauler, transporter, and drilling permits)
- Letter must designate a contact person along with a telephone, e-mail, and mailing address in which the Auto P-4 approval/correspondence will be sent.
- Letter can be signed by company authorized individual. For a name change or acquisition, the letter must be signed by an officer on the existing P-5 and an officer of the new company.



### **Auto P-4 Changes**

#### Financial Security Requirements for Auto P-4's:

- If the operator is utilizing the same financial security on file for the existing company (**Example:** bond or cash deposit), all inactive well requirements, drilling permits, and specialty codes will need to be addressed.
- If the operator is submitting in a new form of financial security to cover the new company, drilling permits and specialty codes that require financial security can be cleared up after the Auto P-4 process. (Note: the Commission will not release the original form of financial security until all matters are resolved)

# **Helpful Links**



#### **Railroad Commission Website:**

http://www.rrc.texas.gov

Expanded Website Access (EWA) – P5 Query (Data Updated Nightly):

http://webapps2.rrc.texas.gov/EWA/organizationQueryAction.do

P-5 Renewal Status Query (Data Updated Nightly):

http://webapps2.rrc.texas.gov/EWA/inactiveWellStatusQueryAction.do

HB2259/HB3134 Information (Inactive Well requirements):

http://www.rrc.texas.gov/oil-gas/compliance-enforcement/hb2259hb3134-inactive-well-requirements/

**SAD Form Contact Information:** 

RRCOnline-Security@rrc.texas.gov by email or call our Help Desk at (512) 463-7229

**Lost UserID and Password Help:** 

https://webapps.rrc.texas.gov/security/loginHelpAction.do?method=Initialize

Oil & Gas Fee Payments and Surcharges Information:

http://www.rrc.texas.gov/oil-gas/applications-and-permits/fees-surcharges/

#### **Contact Information**



For any questions the P-5 Unit can be contacted by phone or email.

P-5 Main Line (512) 463-6772

P5@rrc.texas.gov